
# 1968 Annual Report

UNION CARBIDE CANADA LIMITED

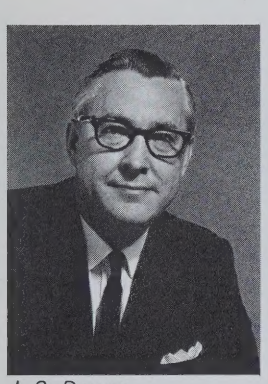

The Annual Meeting of Shareholders will be held on Thursday, April 24, 1969 at 11:00 a.m. in the Roof Garden of the Royal York Hotel, Toronto, Ontario.

Sur demande, il nous fera plaisir de vous envoyer l'édition française de ce rapport.

THE COVER

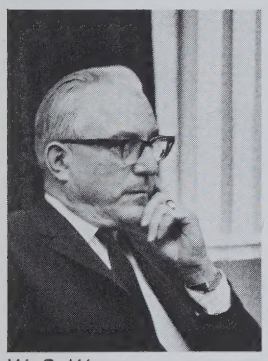
The hexagon is Union Carbide's principal trade mark. On the cover the hexagons are so arranged as to portray the broad diversity of the Company's product mix and, at the same time, its unity of purpose – to serve the industry and people of Canada.

# To Our Shareholders

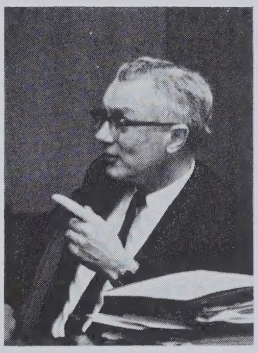


*J. S. Dewar*

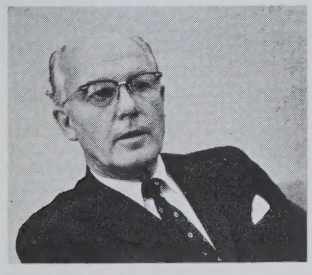
*W. A. Dimma*



*W. S. Wyman*



*R. S. Hughes*



*G. O. Loach*

*R. O. Holditch*

Union Carbide's activities are directed by the Company's six senior officers who form the President's Council. They are: J. S. Dewar, President; W. A. Dimma, Executive Vice-President; R. S. Hughes, Vice-President; G. O. Loach, Vice-President; W. S. Wyman, Vice-President; R. O. Holditch, Secretary and Treasurer.

It is a pleasure to report to you on the operations of Union Carbide Canada Limited for the year 1968. Sales at $166.2 million achieved a record level, and represented a gain of 3.2 per cent over restated 1967 sales. Earnings at $9.6 million, or 96¢ per share, were 3.7 per cent higher than the restated 1967 earnings.

Productivity improvements coupled with expanding markets for Company products were encouraging facets of our 1968 operations. However, the benefits of these gains were inhibited to a considerable degree by an inflationary economy, a higher effective tax rate and declining prices for many of our products.

Despite the severity of 1968's cost-price squeeze, the Company successfully adjusted to the pressures. Looking forward, we anticipate some moderation in the declining pattern of prices and, although inflation continues to present difficulties, further productivity improvements and an expanding economy should help offset higher costs.

Product diversity provides a firm basis for Union Carbide's future growth. By supplying a wide range of markets, we participate in most of the exciting developments on the Canadian scene. Some indication of this is depicted in the foldout section at the back of this Report.

William A. Dimma, Executive Vice-President of the Company, was appointed a director in February, 1968, succeeding Alison A. Cumming who resigned from the Board. At the 1968 Annual Meeting, shareholders sanctioned an increase from eight to ten in the number of Company directors; Jacques de Billy, of Quebec City, and Ian D. Sinclair, of Montreal, were elected to fill the new positions. Most recently, in January 1969, Robert F. Flood, a Vice-President of Union Carbide Corporation, was also appointed a director, replacing Donald B. Benedict who resigned.

I wish to acknowledge with sincere appreciation the very real contribution that has again been made by our employees. In this year of adjustment their efforts were particularly outstanding and their accomplishments significant.

J. S. Dewar

*President*

# Directors and Officers

## DIRECTORS

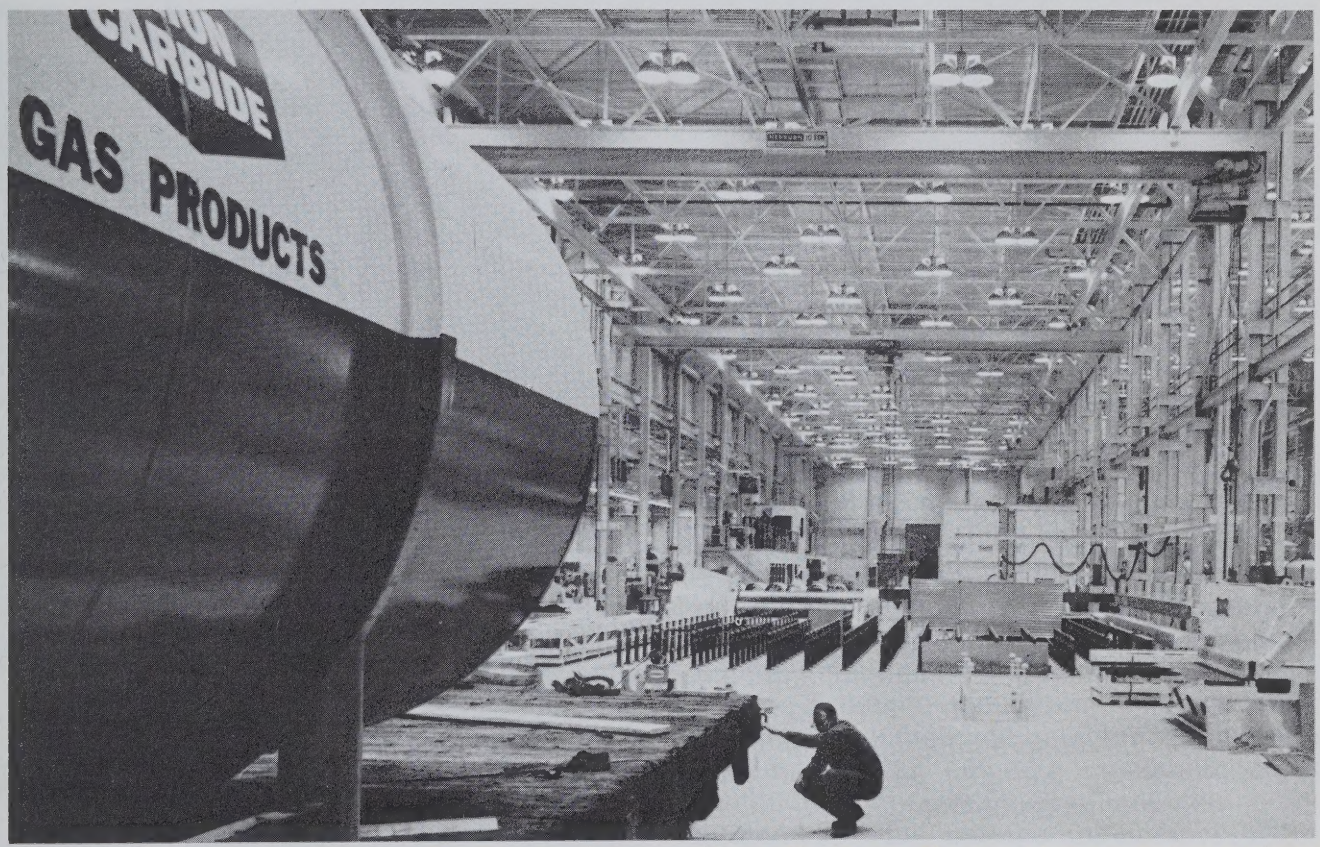
| | |
|---|---|
| Paul L. Alspaugh | *Vice-President, Union Carbide Corporation, New York* |
| Jacques de Billy | *Senior Partner, Messrs. Gagnon, de Billy, Cantin, Dionne & La Haye, Quebec City* |
| John S. Dewar | *President, Union Carbide Canada Limited, Toronto* |
| William A. Dimma | *Executive Vice-President, Union Carbide Canada Limited, Toronto* |
| Robert F. Flood | *Vice-President, Union Carbide Corporation, New York* |
| Salter A. Hayden | *Senior Partner, Messrs. McCarthy & McCarthy, Toronto* |
| Allen T. Lambert | *Chairman of the Board and President, The Toronto-Dominion Bank, Toronto* |
| John F. Shanklin | *Vice-President and Secretary, Union Carbide Corporation, New York* |
| Ian D. Sinclair | *President, Canadian Pacific Railway Company, Montreal* |
| George C. Wells | *Vice-President, Union Carbide Corporation, New York* |

## EXECUTIVE OFFICERS

| | |
|---|---|
| John S. Dewar | *President* |
| William A. Dimma | *Executive Vice-President* |
| Richard S. Hughes | *Vice-President* |
| Gerald O. Loach | *Vice-President* |
| Whitford S. Wyman | *Vice-President* |
| Ross O. Holditch | *Secretary and Treasurer* |

| FINANCIAL HIGHLIGHTS | 1968 | 1967 |
|---|---|---|
| Net Sales | $166,158,000 | $160,979,000 |
| Net Income | 9,568,000 | 9,226,000 |
| Per Share | $0.96 | $0.92 |
| Shareholders' Equity | 107,618,000 | 104,050,000 |
| Per Share | $10.76 | $10.40 |
| Construction Expenditures | 13,262,000 | 20,053,000 |
| Depreciation | 12,006,000 | 11,501,000 |
| Total Assets | 184,265,000 | 179,734,000 |

# Operations Review




*In the main fabricating area of the new Gas Products plant at Mississauga, Ontario are assembled cryogenic vessels for the storage of liquid gases. The plant, which manufactures specialized equipment allied to gas technology, was opened in 1968.*

In 1968, the accounts of Chicoutimi Silicon Ltd. and Smelter Power Corporation were consolidated with those of Union Carbide Canada Limited. Previously, these subsidiaries were included under the heading "Investments" on the Consolidated Balance Sheet. For comparative purposes, the 1967 and 1966 figures in this Report have been restated to reflect the consolidation.

### Total sales and income

Sales of all products and services in 1968 reached a record high of $166,158,000, up 3.2 per cent from the 1967 sales of $160,979,000. However, lower selling prices for many products, strikes at certain customers' plants, and reduced activity in some industries served by the Company all combined to restrict sales growth in the year.

The Company's price index has been declining contrary to the general trend of prices in the Canadian economy. Prices for the various products and services of Union Carbide Canada were, on average, five per cent lower than in 1967, while physical volume increased eight per cent.

Net income was $9,568,000, representing a 3.7 per cent increase over the $9,226,000 earned in 1967. This increase is all the more significant considering it was achieved in the face of the same factors which depressed sales revenue and, in addition, a higher effective tax rate in 1968.

Consolidation of Chicoutimi Silicon Ltd. and Smelter Power Corporation reduced 1968 earnings by $506,000 and those previously reported for 1967 by $485,000. Both losses were primarily the result of excess operating costs and preliminary expenses associated with the installation and start-up of the new production facilities of Chicoutimi Silicon Ltd.

The Company carries on a continuous program to improve productivity which, along with an expanding

market demand, is the major source of earnings growth. This program includes up-grading of production facilities to incorporate the latest advances in technology, and encompasses improvements in paper flow and information systems through computer application.

## Group sales

Sales of *Chemicals and Fibres* enjoyed the largest percentage gain of any of the Company's groups. As was the case in 1967, this is largely the result of entering the market for nylon products, although sales volume of chemical products also showed a marked improvement.

*Plastics* sales remained about the same. While almost every segment of this group registered significant volume increases, these were offset by major price decreases. Relatively slow activity in the industrial construction industry, to which Union Carbide is a major supplier of polyethylene film, also contributed to the lack of growth. There are indications that polyethylene prices have levelled out and that some strengthening may occur in 1969.

Sales of *Gases* exceeded those of 1967. A generally higher level of activity in the industries served by this group, coupled with a broader application of technology, accounted for the increase.

Sales of *Metals* also improved, mainly as a result of increased shipments of ferrosilicon from Chicoutimi Silicon Ltd.

Sales of *Carbons* were below those of 1967. A cyclical demand for some products, an increase in competition from overseas countries, and a slowdown in some industries served by this group were responsible for the decrease.

## Construction

Construction expenditures of $13,262,000 were below the 1967 level. On the whole, 1968 expenditures were directed to the completion of major expansion projects to meet growing market demand, although the cost of implementing productivity improvements also accounted for a large portion of the total sum.

Most expenditures occurred in the *Chemicals, Fibres and Plastics* groups. Projects completed at the Company's Montreal East petrochemical complex included major increases in polyethylene and ethylene oxide capacities; the installation of additional polyethylene bulk handling equipment; and facilities for the production of vulcanizable polyethylene. Also completed during the year was an expansion of carpet yarn manufacturing facilities at the Arnprior, Ontario nylon plant.

**Distribution of the Sales Dollar**

| | 1968 cents |
|---|---|
| Materials, Services and Other Costs of Doing Business | 60 |
| Wages and Salaries | 21 |
| Federal and Provincial Income Taxes | 6 |
| Depreciation | 7 |
| Dividends Paid | 4 |
| Retained to Provide New Facilities and Working Capital | 2 |

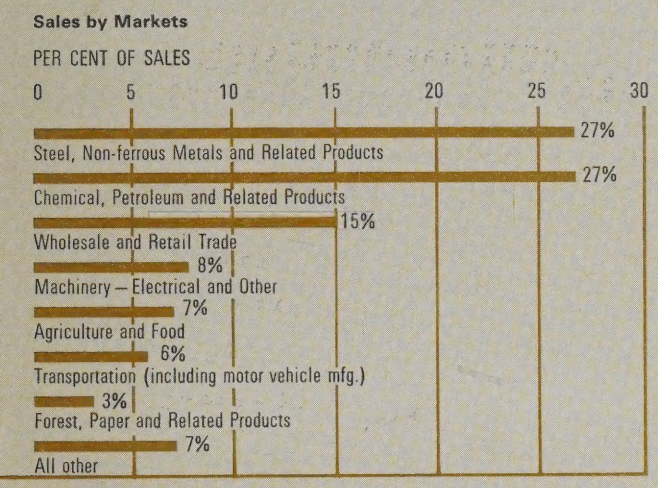

**Sales by Operating Groups**

| | 1968 Amount | 1968 Per Cent of Total | 1967 Amount | 1967 Per Cent of Total | Percentage Change From 1967 |
|---|---|---|---|---|---|
| | (in thousands) | | (in thousands) | | |
| Chemicals and Fibres | $ 30,387 | 18 | $ 26,320 | 16 | +15 |
| Plastics | 46,686 | 28 | 46,757 | 29 | — |
| Gases | 29,190 | 18 | 27,830 | 17 | + 5 |
| Metals | 32,904 | 20 | 31,981 | 20 | + 3 |
| Carbons | 26,991 | 16 | 28,091 | 18 | − 4 |
| | $166,158 | 100 | $160,979 | 100 | + 3 |

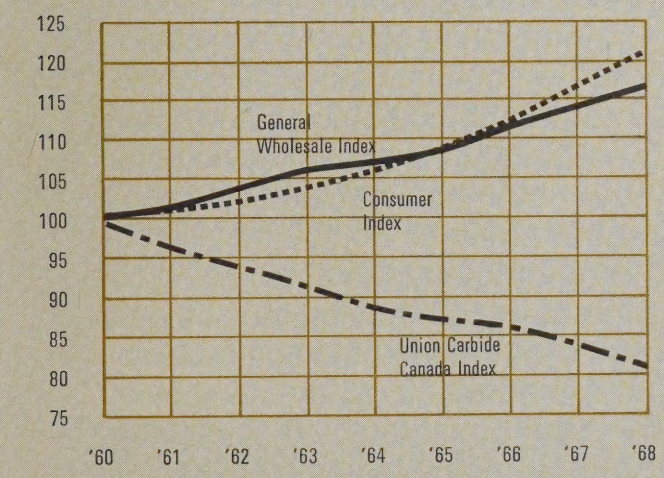
**Construction Expenditures by Operating Groups**

| | 1968 Amount | 1968 Per Cent of Total | 1967 Amount | 1967 Per Cent of Total |
|---|---|---|---|---|
| | (in thousands) | | (in thousands) | |
| Chemicals, Fibres and Plastics | $ 8,762 | 66 | $ 9,669 | 48 |
| Gases | 2,129 | 16 | 6,062 | 30 |
| Metals | 1,588 | 12 | 3,248 | 16 |
| Carbons | 783 | 6 | 1,074 | 6 |
| | $13,262 | 100 | $20,053 | 100 |

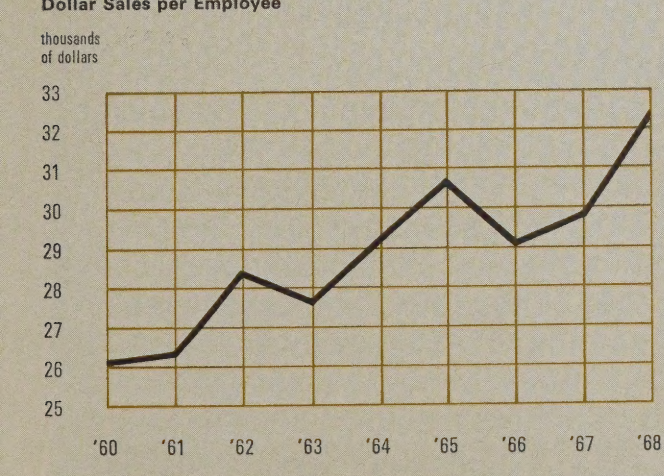
**Sales by Markets**




**Selling Prices (1960 Index = 100)**




**Dollar Sales per Employee**




In October the *Gases* group opened a new plant at Mississauga, Ontario for the manufacture of cutting and welding apparatus, cryogenic vessels and distillation trays.

In addition to completed projects, engineering was well advanced on the expansion of graphite facilities at Welland, Ontario. The new plant will incorporate the most advanced technology in forming, baking and graphitizing, and is scheduled for completion in 1970. Also underway is a modernization of the non-woven fibre products manufacturing facilities at Brampton, Ontario.

At the 1967 Annual Meeting, it was stated that the Company was considering construction of a major petrochemical facility in Eastern Canada having a total annual production capacity of 500 million pounds of ethylene. Since then, plans have been actively developed, but the uncertainties surrounding such things as raw material costs, tariffs and taxes caused the Company to announce in mid-1968 deferment of a decision on the project. The change represents a postponement and not a cancellation of plans, and the economic justification of such a project is to be reviewed in mid-1969. Meanwhile, the Company has contracted to purchase its additional ethylene requirements beyond the capacity of its own production facilities.

## Subsidiaries

The Becker companies registered a significant sales improvement during 1968 with operations at a high level in the last quarter of the year. The unique Becker drilling devices have world-wide application and are currently in use throughout Canada as well as in several foreign countries.

The new plant of Chicoutimi Silicon Ltd. made major shipments of ferrosilicon to Japan and the United Kingdom as well as to the Canadian market. Electricity generated by Smelter Power Corporation is primarily supplied to Chicoutimi Silicon Ltd.

Union Carbide Canada Mining Ltd. owns a quartzite quarry at Melocheville, Quebec. This quarry supplies raw material for the production of ferrosilicon and silicon metal at Beauharnois and Chicoutimi, Quebec. Also attached to Union Carbide Canada Mining Ltd. is an exploration staff which evaluated mineral properties in five provinces during the year.

## Employee relations

Working relationships at all employee levels within the Company contributed toward offsetting higher costs and improving customer service.

*This truck-mounted Becker hammer drill is boring overburden at a mine in British Columbia. A unique Canadian invention, the Becker drill offers a number of advantages over conventional systems. Becker drills are operating in New Caledonia, Thailand, Pakistan as well as in Canada and the United States.*

*One of the largest of its kind in North America, the ferrosilicon furnace at Chicoutimi Silicon Ltd. has an annual capacity of 25,000 tons with most of the product being exported. The operations of Chicoutimi Silicon and Smelter Power Corporation, which provides the hydro-electric power for the smelting plant, were recently consolidated with those of Union Carbide.*

During the year, a number of collective bargaining agreements with organized labour were re-negotiated without interruption of production.

The Company increased its contribution toward the premiums for hospital and medical care for employees. This resulted from its regular assessment of the Employee Benefit Plan program.

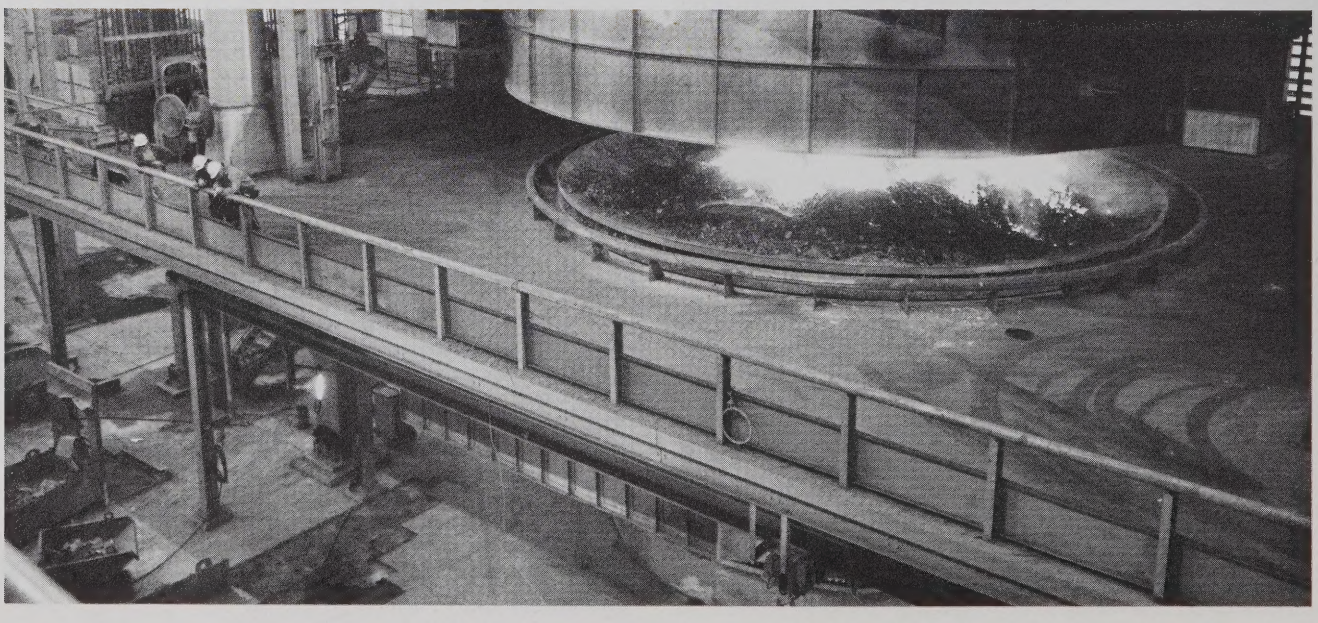
Through the efforts of the various plant staffs there were again few serious accidents. The Toronto plant of Consumer Products won the million-hour award of the Industrial Accident Prevention Association. Other plants also had enviable records and 30 received the Company's Safety Award for completing an accident-free year.

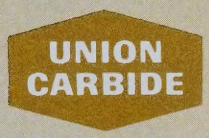
## Technology

To a large extent, the Company's growth and expansion is dependent on a dynamic program to develop new products and processes especially suited to Canadian conditions and markets.

The Company also has access to the technology created in Union Carbide Corporation's world-wide research and development facilities. Seven laboratories located in Ontario and Quebec adapt these developments to Canadian needs as well as carrying out the Company's own program of original research.

Notable developments during the year included several new and improved chemical products, as well as newly created metallurgical and welding techniques. Development of the new high density polyethylene process continued at Montreal East and significant progress is being made.






UNION CARBIDE CANADA LIMITED

# 1968 CONSOLIDATED FINANCIAL STATEMENTS

UNION CARBIDE

**UNION CARBIDE CANADA LIMITED**
and its consolidated subsidiaries

# Consolidated Statement of Income and Retained Earnings

| | Year ended December 31, 1968 | | Year ended December 31, 1967 (restated) | |
|---|---|---|---|---|
| Sales | | $166,158,000 | | $160,979,000 |
| Cost of Goods Sold | $120,664,000 | | $117,257,000 | |
| Selling, General and Administrative Expenses | 14,038,000 | 134,702,000 | 13,728,000 | 130,985,000 |
| | | 31,456,000 | | 29,994,000 |
| Depreciation (Note 6) | 12,006,000 | | 11,501,000 | |
| Interest on Long Term Debt | 1,351,000 | | 1,359,000 | |
| Amortization of Patents, Trade Marks and Goodwill | 291,000 | 13,648,000 | 291,000 | 13,151,000 |
| | | 17,808,000 | | 16,843,000 |
| Investment Income | 302,000 | | 270,000 | |
| Gain on Disposal of Capital Assets | 577,000 | 879,000 | 137,000 | 407,000 |
| Income before Income Taxes and Minority Interest | | 18,687,000 | | 17,250,000 |
| Income Taxes (Note 4) | | | | |
| Current | 10,509,000 | | 5,497,000 | |
| Deferred | (1,082,000) | 9,427,000 | 2,814,000 | 8,311,000 |
| Income before Minority Interest | | 9,260,000 | | 8,939,000 |
| Minority Interest | | (308,000) | | (287,000) |
| Net Income | | 9,568,000 | | 9,226,000 |
| *Net Income per Share* | *$0.96* | | *$0.92* | |
| Retained Earnings at January 1 | | 44,450,000 | | 41,224,000 |
| | | 54,018,000 | | 50,450,000 |
| Dividends Paid | | 6,000,000 | | 6,000,000 |
| Retained Earnings at December 31 | | $ 48,018,000 | | $ 44,450,000 |



The notes on page 12 form an integral part of this statement.

# Consolidated Statement of Source and Application of Funds

| | 1968 | 1967 (restated) |
|---|---|---|
| **Cash, January 1** | $ 3,374,000 | $ 4,302,000 |
| **Source of Funds** | | |
| Net Income | 9,568,000 | 9,226,000 |
| Depreciation | 12,006,000 | 11,501,000 |
| Amortization of Patents, Trade Marks and Goodwill | 291,000 | 291,000 |
| Transfer (from) to Deferred Income Taxes | (1,082,000) | 2,814,000 |
| | 20,783,000 | 23,832,000 |
| Increase in Current Liabilities other than Bank Loan | 5,502,000 | 4,250,000 |
| Bank Loan | — | 3,000,000 |
| Net Value of Fixed Assets Sold (1968 proceeds $1,404,000) | 894,000 | 367,000 |
| | 27,179,000 | 31,449,000 |
| **Application of Funds** | | |
| Investment in Fixed Assets | 13,262,000 | 20,053,000 |
| Dividends Paid | 6,000,000 | 6,000,000 |
| Bank Loan | 3,000,000 | — |
| Increase in Current Assets other than Cash | 1,763,000 | 6,009,000 |
| Investments | 1,780,000 | 412,000 |
| Long Term Debt | 141,000 | 139,000 |
| Other | 508,000 | (236,000) |
| | 26,454,000 | 32,377,000 |
| Increase (Decrease) in Cash | 725,000 | (928,000) |
| **Cash, December 31** | $ 4,099,000 | $ 3,374,000 |

The notes on page 12 form an integral part of this statement.

UNION CARBIDE

**UNION CARBIDE CANADA LIMITED**
and its consolidated subsidiaries

# Consolidated Balance Sheet as at December 31, 1968

| ASSETS | December 31 1968 | 1967 (restated) |
|---|---|---|
| **Current Assets** | | |
| Cash | $ 4,099,000 | $ 3,374,000 |
| Receivables | | |
| Trade Notes and Accounts | 25,937,000 | 24,490,000 |
| Trade Accounts—Affiliated Companies | 2,702,000 | 1,918,000 |
| Other Notes and Accounts | 2,555,000 | 2,435,000 |
| Special Refundable Tax | 634,000 | 1,198,000 |
| | 31,828,000 | 30,041,000 |
| Inventories—valued at the lower of cost or net realizable value (Note 2) | 32,534,000 | 32,541,000 |
| Prepaid Expenses | 1,794,000 | 1,811,000 |
| TOTAL CURRENT ASSETS | 70,255,000 | 67,767,000 |
| **Fixed Assets** (Note 3) | 109,395,000 | 109,033,000 |
| **Investments**—at cost (no quoted market value) | | |
| Subsidiaries (Note 1) | | |
| Shares | 529,000 | 29,000 |
| Advances | 60,000 | 102,000 |
| Other | 2,454,000 | 1,132,000 |
| | 3,043,000 | 1,263,000 |
| **Other Assets** | | |
| Deferred Charges | 397,000 | 205,000 |
| Patents, Trade Marks and Goodwill—at cost less amortization | 1,175,000 | 1,466,000 |
| | 1,572,000 | 1,671,000 |
| | $184,265,000 | $179,734,000 |

Signed on behalf of the Board:

P. L. ALSPAUGH, *Director*

J. S. DEWAR, *Director*

| | December 31 1968 | 1967 (restated) |
|---|---|---|
| **LIABILITIES** | | |
| **Current Liabilities** | | |
| Bank Loan | $ — | $ 3,000,000 |
| Accounts Payable | 16,222,000 | 14,372,000 |
| Income and Other Taxes | 6,578,000 | 4,297,000 |
| Interest on Long Term Debt | 111,000 | 112,000 |
| Other Accrued Liabilities | 4,802,000 | 3,430,000 |
| TOTAL CURRENT LIABILITIES | 27,713,000 | 25,211,000 |
| **Deferred Income Taxes** (Note 4) | 24,284,000 | 25,366,000 |
| **Long Term Debt** (Note 5) | 24,212,000 | 24,353,000 |
| **Minority Interest in Consolidated Subsidiaries** | 438,000 | 754,000 |
| **SHAREHOLDERS' EQUITY** | | |
| **Capital Stock** | | |
| Common Shares Without Nominal or Par Value | | |
| Authorized —12,500,000 shares | | |
| Issued and Outstanding—10,000,000 shares | 59,600,000 | 59,600,000 |
| **Retained Earnings** | 48,018,000 | 44,450,000 |
| | 107,618,000 | 104,050,000 |
| | $184,265,000 | $179,734,000 |

The notes on page 12 form an integral part of this statement.

# Notes to the 1968 Consolidated Financial Statements

## 1. Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all subsidiaries with the exception of two wholly owned subsidiaries which are not significant to the consolidation and are not comparable to the Company's operations. These two subsidiaries are carried at cost in "Investments" on the Consolidated Balance Sheet.

On January 7, 1969 the Company increased its equity in Chicoutimi Silicon Ltd. and Smelter Power Corporation. These two subsidiaries are included in the 1968 consolidated financial statements, and the 1967 figures have been restated for comparative purposes.

All assets and liabilities in foreign currencies have been translated to Canadian dollars at the exchange rate prevailing at December 31, 1968.

## 2. Inventories

Inventories at December 31 are classified as follows:

| | 1968 | 1967 |
|---|---|---|
| Raw Materials and Supplies | $ 9,346,000 | $ 9,011,000 |
| Work in Process | 9,136,000 | 8,451,000 |
| Finished Goods | 14,052,000 | 15,079,000 |
| | $32,534,000 | $32,541,000 |

## 3. Fixed Assets

Fixed assets at December 31 are classified as follows:

| | | 1968 | 1967 |
|---|---|---|---|
| Land—at cost | | $ 3,302,000 | $ 3,371,000 |
| Buildings—at cost | $ 47,187,000 | | |
| Less: Accumulated Depreciation | 17,998,000 | 29,189,000 | 27,852,000 |
| Machinery and Equipment—at cost | 164,590,000 | | |
| Less: Accumulated Depreciation | 87,686,000 | 76,904,000 | 77,810,000 |
| | | $109,395,000 | $109,033,000 |

## 4. Income Taxes

"Income Taxes—Current" of $10,509,000 on the Consolidated Statement of Income and Retained Earnings includes a credit adjustment of $598,000 resulting from the allowance by the Department of National Revenue of the Company's deductions for scientific research expenditures and other items in prior years. This treatment is in accord with the Company's normal accounting practice and a similar credit adjustment in 1967 amounted to $1,173,000.

The Company uses the tax allocation principle to provide for income taxes. The time in which transactions affect taxable income frequently differs from the time in which they enter into the determination of income in the financial statements. The cumulative differences between taxes provided and taxes payable are shown as "Deferred Income Taxes" on the Consolidated Balance Sheet. The net effect of these timing differences for 1968 reduced Deferred Income Taxes by $1,082,000, which reduction is reflected on the Consolidated Statement of Income and Retained Earnings.

## 5. Long Term Debt

"Long Term Debt" consists of:

a) Debentures, secured by a floating charge and held by affiliated companies as follows:

| | 1968 | 1967 |
|---|---|---|
| 5¾% Series C, D and E due 1970 | $ 2,900,000 | $ 2,900,000 |
| 5½% Subordinated due 1971 | 2,100,000 | 2,100,000 |
| 5½% Second Subordinated due 1971 | 3,200,000 | 3,200,000 |
| 5¾% Second Subordinated due 1971 | 11,500,000 | 11,500,000 |
| 6% Second Subordinated due 1971 | 300,000 | 300,000 |
| | $20,000,000 | $20,000,000 |
| b) A final payment, due 1970 for shares purchased by the Company in a wholly-owned subsidiary, and which is subject to a reduction in certain events | 750,000 | 750,000 |
| c) Bonds of a subsidiary as follows: | | |
| 5¾% First Mortgage Sinking Fund Bonds maturing May 1, 1977 | 3,462,000 | 3,603,000 |
| | $24,212,000 | $24,353,000 |

## 6. Depreciation

The Company uses straight-line depreciation for financial accounting purposes. Rates are based on estimates of life-months for each unit of depreciable fixed assets. Gain or loss on disposal of fixed assets is calculated on the remaining net book value at the time of disposal.

## 7. Retirement Program

Costs of the Company's retirement program for employees are funded annually. Trust funds exceed the actuarial liability for benefits vested in employees. Past service costs are being amortized over a 25-year period ending in 1989.

## 8. Commitments

Purchase commitments for capital expenditures outstanding at December 31, 1968, amounted to approximately $2,258,000.

## 9. Directors' and Senior Officers' Remuneration

The total remuneration paid or payable in 1968 was $123,119 to directors of the Company and $171,608 to senior officers who were not directors.

# Auditors' Report

HURDMAN AND CRANSTOUN
ACCOUNTANTS AND AUDITORS

36 TORONTO STREET
TORONTO, CANADA

To the Shareholders of
Union Carbide Canada Limited,
Toronto, Canada

We have examined the consolidated balance sheet of Union Carbide Canada Limited and its consolidated subsidiaries as at December 31, 1968 and the consolidated statements of income and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1968 and the results of their operations and the source and application of their funds for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the consolidation of two subsidiaries referred to in Note 1.

Hurdman and Cranstoun

Toronto, Canada
January 31, 1969

*Accountants and Auditors*

## Ten Year Summary (dollars in thousands—except per share figures)

| | 1968 | 1967 (restated) | 1966 (restated) |
|---|---|---|---|
| **Net Sales** | | | |
| Chemicals and Fibres | $ 30,387 | $ 26,320 | $ 23,277 |
| Plastics | 46,686 | 46,757 | 46,889 |
| Gases | 29,190 | 27,830 | 25,828 |
| Metals | 32,904 | 31,981 | 31,559 |
| Carbons | 26,991 | 28,091 | 27,182 |
| | $166,158 | $160,979 | $154,735 |
| **Net Income** | | | |
| Amount | 9,568 | 9,226 | 13,054 |
| % of Sales | 5.8% | 5.7% | 8.4% |
| Per Share (on 10,000,000 shares outstanding) | .96 | .92 | 1.31 |
| **Total Assets** | 184,265 | 179,734 | 166,108 |
| **Construction Expenditures** | 13,262 | 20,053 | 24,465 |
| **Depreciation** | 12,006 | 11,501 | 9,966 |
| **Employee Data** | | | |
| Wages and Salaries | 35,749 | 34,502 | 31,682 |
| Average Number of Employees | 5,131 | 5,405 | 5,335 |

| 1965 | 1964 | 1963 | 1962 | 1961 | 1960 | 1959 |
|---|---|---|---|---|---|---|
| $ 24,660 | $ 26,109 | $ 22,989 | $ 21,943 | $ 18,436 | $ 17,977 | $ 19,949 |
| 44,808 | 41,385 | 34,592 | 32,073 | 28,604 | 28,234 | 26,021 |
| 23,264 | 20,955 | 18,841 | 17,499 | 14,569 | 14,401 | 13,817 |
| 28,207 | 23,491 | 19,161 | 20,164 | 17,628 | 21,428 | 22,311 |
| 24,398 | 21,444 | 17,839 | 17,753 | 18,198 | 18,337 | 19,203 |
| $145,337 | $133,384 | $113,422 | $109,432 | $ 97,435 | $100,377 | $101,301 |
| 13,039 | 12,130 | 9,728 | 9,339 | 7,533 | 8,252 | 10,315 |
| 9.0% | 9.1% | 8.6% | 8.5% | 7.7% | 8.2% | 10.2% |
| 1.30 | 1.21 | .97 | .93 | .75 | .83 | 1.03 |
| 150,379 | 141,962 | 139,233 | 126,923 | 122,169 | 114,539 | 104,442 |
| 13,560 | 13,432 | 8,993 | 5,621 | 10,435 | 20,213 | 10,799 |
| 8,876 | 8,335 | 8,010 | 8,079 | 7,266 | 5,951 | 5,801 |
| 26,833 | 24,886 | 21,284 | 20,057 | 18,725 | 18,998 | 17,811 |
| 4,736 | 4,573 | 4,092 | 3,852 | 3,705 | 3,853 | 3,727 |

# Union Carbide and the world around us

While Union Carbide Canada Limited manufactures a number of well-known consumer items—such as EVEREADY batteries and PRESTONE anti-freeze—the Company is usually thought of as a primary supplier to industry. And yet, because of this relationship with industry, Union Carbide is connected indirectly with almost every facet of our lives.

In fact, have you ever wondered how the familiar things around you came into being? What makes up the material in your clothes . . . your car . . . your home . . . almost everything you use? All can be traced back to one or more of the world's many elements—and nearly half of these elements are separated or combined in Union Carbide's 41 plants and seven laboratories across Canada. The materials which result are used to make thousands of products—from paper clips to computers.

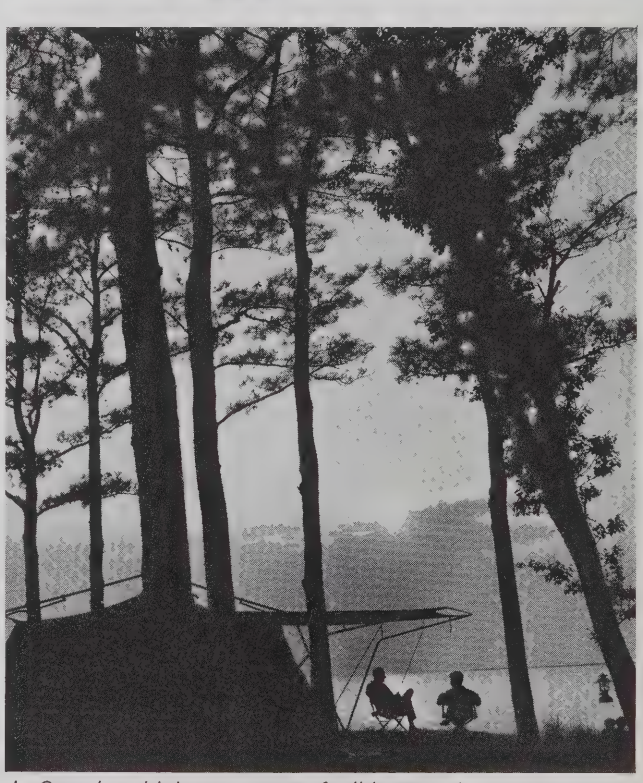
Take, for example, stainless steel. This versatile metal is used in the home, the office and the factory; on land, sea and in the air. What makes it so popular, of course, is its ability to resist rust and corrosion. And that's where Union Carbide comes in. The Company processes chromium ores into the special alloys that give the steel its stainless quality.

Carbon is another example. All around us are products which are made from or use this common element. At Union Carbide, we use a carbon post to form the positive electrode in EVEREADY batteries, to make brushes for electric motors and generators, and arc carbons for movie projectors. Electric furnaces used in smelting steel and other metals rely on giant carbon or graphite electrodes to provide heat.

A host of other Union Carbide products are made using materials as common as sand and as rare as argon, one of the valuable gases extracted from the air. The raw materials found in nature are also the basis for the myriad of exciting products being made from chemicals, plastics and synthetic fibres.

In this special foldout section is a pictorial essay which highlights the many and diverse ways in which Union Carbide Canada Limited contributes to industry and the consumer.

*To the car owner PRESTONE anti-freeze is well known. But the Company's connection with the automobile goes much further. From Union Carbide petrochemicals come brake fluids and windshield de-icers. The cord in your car's tires may be made of UNEL nylon. The seats and doors may be padded with FIBERBOND non-woven material. The numerous plastic components may contain UNION CARBIDE resins or compounds. And in the engine itself are likely to be special alloys supplied by Union Carbide.*



*In Canada, with its vast areas of wilderness, the phrase "the great outdoors" assumes a literal meaning. Camping, hunting, fishing and hiking are naturally popular recreations, and the outdoorsman's kit often includes at least one Union Carbide product. Plastic bags and food wrap, "6-12" insect repellent, and EVEREADY flashlights are some of the items that go along with the enjoyment of field and stream.*


## PLANTS / PRODUCTS

### CARBONS

Welland and Toronto, Ontario

Electric Arc Furnace Electrodes / Electrolytic Cell Anodes / Furnace Linings / Electric Motor and Generator Brushes / Theatre Projector Carbons / Carbon and Graphite Products for chemical, electrical, mechanical and metallurgical applications

### CHEMICALS

Montreal East, Quebec / Belleville, Ontario

UNION CARBIDE Organic Chemicals including Ethylene Oxide, Ethanolamines, Glycols and Glycol Ethers / Agricultural Chemicals / Silicone Chemicals, Resins, Oils and Elastomers

### CONSUMER PRODUCTS

Toronto and Walkerton, Ontario

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LINDE Oxygen, Nitrogen, Hydrogen, Argon and Rare Gases / Calcium Carbide and Acetylene / Welding, Cutting, Forming and Heat-Treating Apparatus / Coatings Service / Steel-Conditioning Machines / Rock-Piercing and Shaping Equipment / Medical Gases, Inhalation and Suction Therapy Equipment / Distillation Trays / Cryogenic Equipment / Proppants / Synthetic Crystals / Food Freezing Equipment / In-Transit Refrigeration Systems / Molecular Sieves

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Ferroalloys, Alloying Metals, Pure Metals and Metal Compounds produced from the elements Boron, Calcium, Chromium, Columbium, Manganese, Silicon, Tantalum, Titanium, Tungsten, Vanadium and Zirconium / Special Alloys to resist heat, corrosion and wear

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UNION CARBIDE Phenolic Resins and Compounds / Polyethylenes and Co-Polymers / Epoxy Resins / Phenoxy Resins / Vinyl and Polystyrene Co-Polymer Resins and Compounds / Polysulfone Resins / Polyethylene Film / Fabricated Plastic Products / Industrial Shipping Bags / Flexible Packaging / Rigid Containers / VISKING Cellulose and Fibrous Food Casings

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*Majority owned*

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Smelter Power Corporation—electric power

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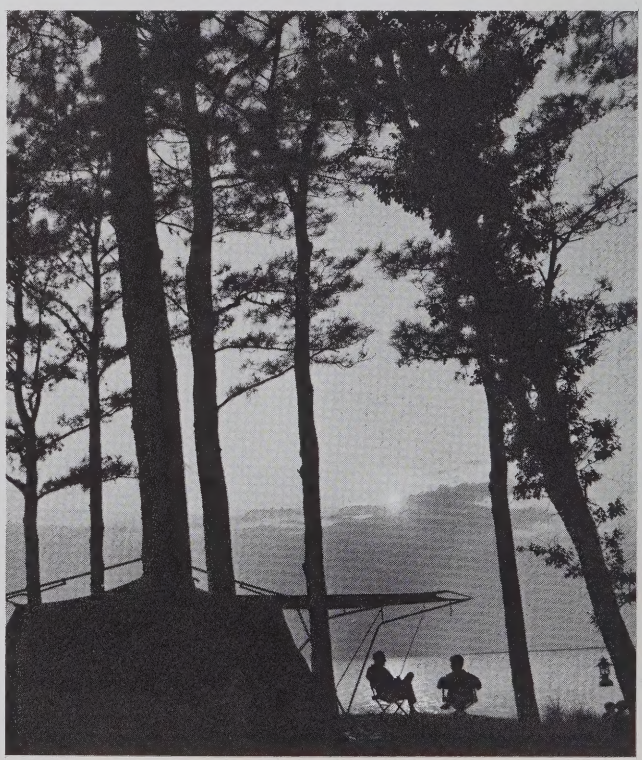

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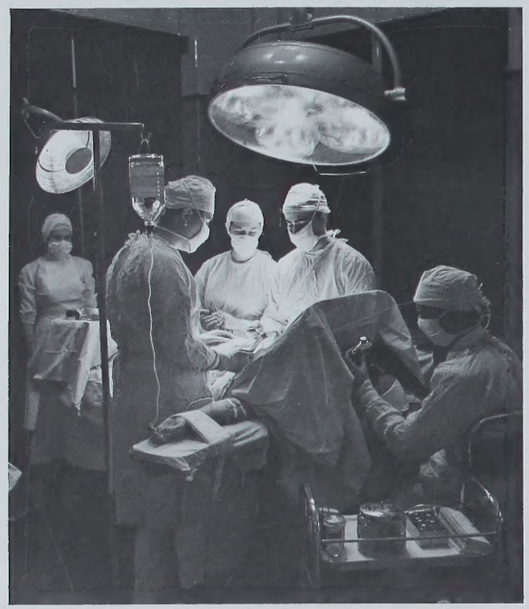
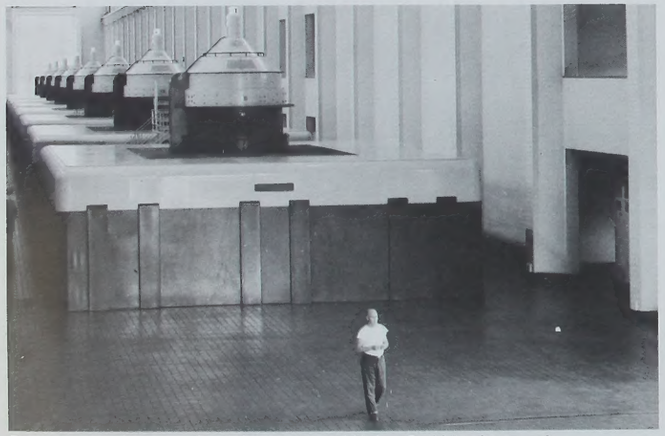
Thousands of hospital patients throughout the country depend on UNION CARBIDE medical products. Oxygen and other vital gases are supplied in a variety of ways tailored to meet hospital needs. The cryogenic probe, a recent surgical breakthrough, is partly the result of Union Carbide research. Using liquid nitrogen at super-low temperatures it permits highly delicate operations in such areas as neurology, ophthalmology and gynaecology.



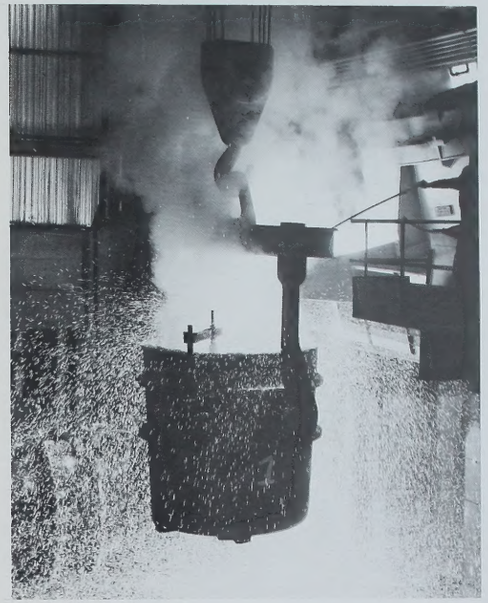


Energy comes from a variety of sources, and Union Carbide plays a role in most of them. In hydro generating stations, such as the one pictured above, the huge generators employ carbon and graphite brushes. Natural gas has to be sweetened before it reaches the consumer, a process involving chemicals supplied by the Company. And for one of the most modern sources of energy, nuclear power, Union Carbide fabricates distillation trays employed in making heavy water.

In today's jet age it is imperative to keep aircraft operating efficiently, and in the wintertime airlines have to overcome the hazards of snow and ice. Helping in this battle against the elements is UNION CARBIDE de-icing fluid, which is sprayed on fuselage and wings between flights. In aircraft engines, too, are found Company products – HAYNES alloys are designed to meet the rigid specifications of modern jet engines.

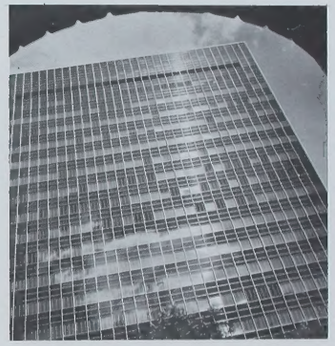
In and around the kitchen, Union Carbide helps the housewife in many ways. KITCHEN CATCHERS and garbage bags are obvious aids, but others are hidden. The Company manufactures resins for laminated table tops, chemicals for detergents and floor waxes, and food casings for processing sausages and other meat products.

Huge carbon and graphite electrodes are the core of the modern electric arc furnace. They help generate the intense heats – up to 6000°F – necessary to smelt ores for ferroalloys and to melt the raw materials that go into fine quality steels. Other Union Carbide products common to the smelting industry are carbon bricks, which are used to line furnaces, and LINDE oxygen which is used in various stages of steel production.



Industrial grade polyethylene film is used to protect this dyke's soft retaining wall from washout. UNION CARBIDE film is finding other uses in conservation – from linings for ponds to protection of plants, shrubs and agricultural crops.

Beauty aids are not normally associated with Union Carbide, but in fact the Company plays a significant role in the world of women. Ethanolamines are some of the chemical ingredients that go into cosmetics, shampoos, hairsprays, and other toiletries. Also from Union Carbide come DYNEL wigs and falls, LINDE Star Rubies and Sapphires, and UNEL nylon fashions.



The sun gleaming on the facade of this modern office building highlights the increasing use in today's architecture of stainless steel, aluminum and other metals produced with help from Union Carbide. The Company aids the construction industry in another way, too. Sheets of industrial grade polyethylene film are used to protect workers in the construction area against winter temperatures.

Proving its durability in an increasing number of Canadian homes is UNEL nylon. Union Carbide's man-made fibre is used in making both carpets and furniture fabrics. Also used in furniture, as an upholstery material, is polyurethane foam made with Union Carbide chemicals. Resins for paint, varnishes and wood glues are other Company products making their contribution to modern living.

UNION CARBIDE

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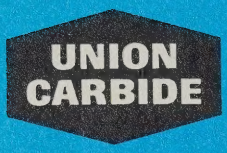


**Head Office**
123 Eglinton Avenue East, Toronto 12, Canada

**Transfer Agent and Registrar**
Canada Permanent Trust Company,
Toronto, Halifax, Montreal, Winnipeg and Vancouver

**Stock Exchange Listings**
Montreal, Toronto and Vancouver

**Auditors**
Hurdman and Cranstoun, Toronto